

Risky Republican Privatization Plan Will Cut Social Security Benefits and Hurt African American Families

The Republican privatization proposal hurts everyone, but African Americans are particularly at risk. This proposal will cut guaranteed Social Security benefits by more than 40 percent in the coming decades. Risky private accounts, which endanger retirement benefits for millions of Americans, won't make up the drastic loss in benefits. Social Security needs a solid source of funding, not a plan that makes the problem worse by draining \$2 trillion dollars away from Social Security. This plan forces America to borrow trillions from foreign countries and leads to future tax increases. Under the Republican proposal, Social Security does not get stronger – it gets weaker.

Social Security provides retirement security to African American families. More than 4.7 million African Americans receive Social Security benefits. Without Social Security, poverty rates for African American seniors would more than double to 58 percent. On average, Social Security provides about three-quarters of all retirement income for African American seniors, and 40 percent of African American seniors rely on Social Security for all of their income. In 2001, the average monthly benefit for African Americans was \$683.

4.7 million African Americans receive Social Security, and yet Republican Social Security privatization will hurt everyone. Privatization would take approximately \$2 trillion from Social Security in just the next decade, endangering the benefits of current retirees and the disabled. It would also directly cut benefits by more than 40 percent for future generations -- even for those without a private account.

Republican cuts in disability and survivor benefits would particularly harm African Americans. African Americans are more likely to become disabled or die young, making the disability and survivor benefits of Social Security very important -- particularly to African American children. African-Americans are about 13 percent of the U.S. population, but 18 percent of Social Security disability beneficiaries. African American children make up nearly one-quarter of all children receiving survivor benefits, and more than 20 percent of the children receiving disability benefits. Nearly half of African Americans on Social Security receive disability or survivor benefits. The Republican plan would cut these benefits drastically, and these workers who become disabled or die young would not have worked long enough to build up a private account to help support them or their surviving spouse and children.

Republicans may discriminate against minorities in Social Security reform. The head of the Social Security-writing committee, Republican Chairman Bill Thomas, has raised the prospect of changing Social Security to provide minority workers with a different level of retirement benefits than white workers.

Social Security is a good deal for African Americans; Republican private accounts are not. Social Security gives people with lower earnings a greater return on what they paid in, and African Americans on average have lower incomes. In fact, thanks to Social Security, African American seniors are better off, relative to whites, than younger or middle-aged African Americans. But private accounts would not continue these progressive benefits. In addition, private accounts would not make up for the drastic Social Security benefit cuts proposed by Republicans, according to the Congressional Budget Office, once the risk is taken into account. Finally, private accounts do not include the annual cost-of-living guarantee in Social Security, which would jeopardize retirement security for African Americans.

Americans have paid into Social Security for years – and Democrats will fight to protect those benefits. Social Security is based on the contributions of millions of workers to ensure that every American can achieve retirement security. Congress should not be allowed to spend Social Security taxes on anything but Social Security benefits. Democrats will fight to protect Social Security and to bolster retirement security by expanding opportunities to save through 401(k), IRA, and other pension options.